

[For Immediate Release]



L'Occitane International S.A.

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(Incorporated under the laws of Luxembourg with limited liability)

L'Occitane Announces FY2020 Annual Results

Net sales rose 15.2% at reported rates
Operating profit rose 24.2% and operating margin gained 0.8 points to 11.4%

1. Despite the impact of COVID-19 towards the end of FY2020, net sales growth and operating margin improved, thanks to decent sales momentum, targeted investments and ELEMIS.
2. Effective online initiatives supported 41.8% growth in Web Sell-out sales in FY2020, mitigating some impact of worldwide store closures from COVID-19.
3. Net sales rose 15.2% at reported rates and 12.8% at constant rates.
4. Operating profit rose 24.2% to €187.3 million, while operating margin gained 0.8 points to 11.4%.
5. Net profit declined slightly to €115.2 million, due to notional financial expenses under IFRS 16 lease accounting and one-off tax effects. Excluding the impact of IFRS 16, net profit would increase by 2.8%.
6. Free cash flow (excluding IFRS 16) reached a record €168.2 million, as compared to €82.4 million last year.

FINANCIAL HIGHLIGHTS

For the year ended 31 March				2020
(million €, unless otherwise stated)	2020	2019	Change	excl. IFRS 16*
Net sales	1,644.1	1,426.9	+15.2%	1,644.1
Gross profit	1,341.2	1,187.0	+13.0%	1,341.2
<i>Gross profit margin</i>	81.6%	83.2%	-1.6 pp	81.6%
Operating profit	187.3	150.7	+24.2%	179.6
<i>Operating profit margin</i>	11.4%	10.6%	+0.8 pp	10.9%
Profit for the year	115.2	117.6	-2.0%	120.8
<i>Net profit margin</i>	7.0%	8.2%	-1.2 pp	7.4%
Basic EPS (€)	0.080	0.081	-1.2%	0.083
Dividend per share (€)	0.02228	0.0297	-25.0%	0.02228
Dividend payout ratio (%)	27.9%	36.7%	-8.8 pp	26.8%
Return on capital employed (%)	6.9%	11.6%	-4.7 pp	8.5%
Return on equity (%)	10.6%	11.5%	-0.9 pp	11.0%
Gearing ratio (%)	37.2%	28.8%	+8.4 pp	23.8%
Net debt	730.3	433.5	+68.5%	314.7
Free cash flow	302.7	82.4	+267.4%	168.2

*The Group adopted IFRS 16 Lease accounting from April 2019 without restating last year's figures. This column excludes the impact of IFRS 16 for the current period for comparison purposes.

(29 June 2020, Hong Kong) L'Occitane International S.A. ("L'Occitane" or the "Group"; SEHK stock code: 973), an international group that manufactures and retails beauty and well-being products that are rich in natural and organic ingredients, today announces its annual results for the year ended 31 March 2020 ("FY2020").

The Group registered three quarters of strong sales momentum in FY2020 which continued into January 2020. However, in the subsequent two months, the unprecedented COVID-19 crisis and the corresponding restrictive measures, such as travel bans, lockdowns, and shop closures in some of the Group's key markets significantly affected its business operations. Nonetheless, the Group recorded net sales of €1,644.1 million in FY2020, an improvement of 15.2% at reported rates and 12.8% at constant rates compared to FY2019.

Gross profit rose 13.0% to €1,341.2 million in FY2020, while the gross profit margin decreased by 1.6 points to 81.6%. The lower gross profit margin was mainly due to an unfavourable brand mix, which was partly offset by favourable foreign exchange rates and price increases.

During FY2020, the Group made progress in improving its operating profitability, supported by the contribution of ELEMIS, favourable channel mix due to strong online activities and targeted investments. However, some of this progress was countered by lower leverage and efficiency on rental and retail personnel costs as a result of COVID-19. Still, the Group's operating profit rose 24.2% to €187.3 million, while its operating margin rose 0.8 points to 11.4%. The Group's net profit declined slightly by 2.0% to €115.2 million due to notional financial expenses under IFRS 16 lease accounting and one-off tax effects. Excluding the impact of IFRS 16, the net profit would have increased by 2.8%.

Sell-out sales accounted for 69.2% of the Group's net sales in FY2020, amounting to €1,137.9 million, an increase of 3.4% at constant rates. This growth was mainly contributed by Web Sell-out channels, which grew 41.8% at constant rates, equivalent to 19.0% of total Sell-out sales. Sell-in sales accounted for 30.8% of the Group's net sales in FY2020, amounting to €506.2 million, an increase of 41.6% at constant rates. The increase was primarily driven by wholesale sales of ELEMIS and Erborian, and the web partners of L'OCCITANE en Provence.

The sales momentum of the Group's core L'OCCITANE en Provence brand was robust in the first three quarters of FY2020, with 6.0% growth at constant rates. However, after the outbreak of COVID-19 in FY2020 Q4, traffic dropped significantly, seriously affecting the retail business in China, Hong Kong and Japan as well as the Travel Retail business in the region. Store closures started in China in late January, after which widespread store closures were seen across Europe and the Americas since mid-March 2020. The loss of sales in brick and mortar was partly recovered by a sales boom in e-commerce and marketplaces. Sales of L'OCCITANE en Provence decreased by 12.1% in FY2020 Q4 yet ended the year with a decent growth of 1.7% at constant rates.

ELEMIS, the Group's second-largest brand, recorded €165.8 million in sales, accounting for 10.1% of total sales. The brand performed outstandingly in the UK and the US, especially in e-commerce, despite the sluggish performance of the maritime business. ELEMIS ended the year with around 20% unaudited sales growth. LimeLife posted a sales decline of 2.7% at constant rates for FY2020, mainly affected by the rebranding exercise last year, teething pains from new market expansion, as well as the COVID-19 outbreak in FY2020 Q4. The Group's other brands grew 1.0% at constant rates in FY2020, with Erborian posting double-digit growth for the year.

In terms of geographic areas, the UK and the US were the Group's fastest-growing markets during FY2020, growing 163.0% and 22.3% respectively, which was mainly contributed by ELEMIS. In China, the Group's sales momentum was strong in the first three quarters of FY2020, thanks to the various campaigns with celebrities and a strong focus on web channels. Business with T-mall, JD.com and WeChat mini programmes was particularly dynamic. However, sales declined sharply following the outbreak of COVID-19 in January 2020 and only started to pick up in March 2020 as the lockdown measures were uplifted gradually. Web-based channels, however, rebounded quickly. China ended the year with 10.5% net sales growth at constant rates. Meanwhile, Hong Kong's net

sales declined 12.6% at constant rates, as the social unrest seriously affected retail traffic and consumption since FY2020 Q2, and COVID-19 further hampered local and tourist purchases. The travel retail business was also deeply affected by travel halts and a drastic drop in air traffic.

In FY2020, the Group continued to execute its "Pulse" strategy to build trust, pursue sustainable growth and drive profitability. The Group progressed with its hero product strategy, nurtured all of its brands under its portfolio and utilised its omni-channel distribution to stay connected to its customers during COVID-19.

The encouraging results of L'OCCITANE en Provence was partly due to its successful product strategy that balanced its hero face care products with its popular body and hand care products. During FY2020, the Group reached its target of selling over 1 million units of the *Immortelle Reset* serum. The Group believes the face care segment will be strengthened further with the recent launch of the *Immortelle Reset* eye serum and the addition of ELEMIS. Meanwhile, the Group's leading position in premium body and hand care bodes well in the context of heightened awareness for self-care and hygiene.

With six brands under its portfolio, the Group encourages each brand to be autonomous while seeking synergies. L'OCCITANE en Provence accounted for 78.8% of the Group's sales in FY2020, down from 87.4% in FY2019. This diversification is expected to continue as each brand continues to build on their unique identities. Notably, ELEMIS was a significant growth and profitability driver in FY2020. Its robust performance demonstrated the effectiveness of the Group's skincare-focused investments.

The Group's omni-channel distribution was particularly crucial during the last quarter of FY2020, when COVID-19 resulted in wide store closures. In order to stay connected to its customers, the Group leveraged on its online channels, as well as social or digital selling via video consultations, livestreaming, and social apps.

Following the acquisition of ELEMIS in FY2019, the Group turned from a net cash position to a net debt position. The gearing ratio increased to 37.2% for the same reason. However, the Group remains highly cash generative. Free cash flow (excluding the impact of IFRS 16) reached a record €168.2 million, as compared to €82.4 million last year.

The Board recommends to reduce its dividend by 25% to €0.02228 per share for FY2020, as part of its plan to achieve cost savings and increase financial flexibility in light of the uncertain environment. This plan also includes a 25% reduction on the base compensation of the Group's Directors and Senior management, alongside other cost control measures.

Mr. Reinold Geiger, Chairman and Chief Executive Officer of L'Occitane, said, "Despite the tremendous challenges posed by COVID-19, our teams have responded with great resilience and solidarity, and managed to maintain sales growth and improve operating profitability for the year."

"In the short-term, we will continue to take steps to better control our cost structure amid the uncertain environment. This will leave us well-placed to emerge even stronger following the pandemic. We firmly believe the inherent strength of our brands, products and web-based activities will enable us to safeguard our profitability while continuing to deliver value to our shareholders."

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About L'Occitane International S.A.

L'Occitane International S.A. is an international group that manufactures and retails beauty and well-being products that are rich in natural and organic ingredients. A global leader in the premium beauty market, the Group has more than 3,000 retail outlets, including over 1,600 owned stores, and is present in 90 countries. Through its six brands – L'OCCITANE en Provence, Melvita, Erborian, L'OCCITANE au Brésil, LimeLife by Alcone and ELEMIS – the Group offers new and extraordinary beauty experiences, using high quality products that respect nature, the environment and the people who surround it.

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